

ORISE CONTRACTOR EMPLOYEE BENEFIT PLAN

Contractor Employee Category Definitions

Employment may be as a full-time regular (FTR), part-time regular-benefits (PTRB), or part-time regular-limited (PTRL) employee depending on the position requirements and work schedules. Employment status determines the benefits and policies that apply. Policies and benefit eligibility will be discussed at the time of employment or when there is a change in status.

FTR employees serve on indefinite appointments. They are scheduled to work 40 hours per workweek.

PTRB employees serve on indefinite appointments and average working at least 20 but normally less than 40 hours per workweek.

PTRL employees serve on indefinite appointments. These employees usually work less than 20 hours per workweek.

CONTRACTOR BENEFIT PROGRAM DESCRIPTION

Annual Leave

The annual leave year begins January 1 and ends on December 31 of each year.

FTR employees earn and are eligible to use annual leave at the start of the first full calendar month of employment and during each calendar month thereafter based on length of continuous service as follows:

<u>Years of Service</u>	<u>Bi-Weekly Accrual Rate</u>	<u>Annual Accrual Rate</u>
Start of 1st through 4	4.308 working hours	112 working hours
Start of 5 th through 10th	4.923 working hours	128 working hours
Start of 11th through 15	5.538 working hours	144 working hours
Start of 16th through 20	6.462 working hours	168 working hours
21 st year and thereafter	7.385 working hours	192 working hours

PTRB employees earn and are eligible to use annual leave for each 173 hours worked based on years of service (see above). No leave is accrued for partial 173-hour periods.

Annual leave balances as of December 31 of any year may be carried forward into the next leave year. Carryover cannot exceed the maximum specified in the following:

<u>Years of Service</u>	<u>Maximum Hours Carryover</u>
Start of 1st through 4	40
Start of 5th through 10	80
Start of 11th through 15	120
Start of 16th or more	160

Holidays

The standard holiday schedule consists of 11 holidays including one diversity awareness day plus two floating holidays. Holiday pay is based on an 8-hour day. The designated holidays are:

New Year's Day	Independence Day	Day after Thanksgiving
Presidents' Birthday	Labor Day	Christmas Day
Memorial Day	Thanksgiving Day	Diversity Awareness Day

FTR employees observe nine designated holidays (including the Diversity Awareness Day holiday) each calendar year with pay. The two floating holidays (10th & 11th) are observed during each anniversary year.

PTRB employees observe nine designated holidays including a Diversity Awareness Day during each calendar year that fall on regularly scheduled days of work. They receive pay on a prorated basis to full-time employees during a holiday week or for a floating holiday even when not scheduled to work that holiday.

Medical Leave

Medical leave with and without pay is provided to eligible employees for required absences because of personal medical illnesses, disabilities, examinations and treatments, counseling, or quarantine. Medical Leave is not provided for absences required for family member illnesses.

FTR and PTRB employees have the following medical leave with pay during periods of personal illness:

<u>Years of Continuous Service</u>	<u>Hours of Leave Per Year</u>	
	<u>FTR</u>	<u>PTRB</u>
During 1 st year	176 hours	88 hours
During 2 nd year	352 hours	176 hours
During 3 rd year	528 hours	264 hours
During 4 th year	704 hours	352 hours
During 5 th year	880 hours	440 hours
During 6 th and each succeeding year	1056 hours	528 hours

Unused medical leave does not accumulate from year to year. Medical leave with pay is not advanced. Employees who exhaust their medical leave and those not eligible for medical leave must use accrued annual leave, floating holidays, or leave without pay.

Personal Leave

Eligible employees may be provided up to 80 hours personal leave with pay in an anniversary year for emergency situations, death in the immediate family, civic service, and other extenuating personal circumstances that warrant excused absence with pay.

FTR employees on appointments of one year or more may be eligible for up to 80 hours personal leave with pay in an anniversary year.

PTRB employees may be eligible for up to 40 hours personal leave with pay in an anniversary year.

Family and Medical Leave Act

The FMLA of 1993 gives eligible employees the right of up to 12 weeks in any 12-month period of unpaid, job-protected leave for certain family and medical reasons. The FMLA prohibits interference with an employee's rights under the law. This includes discriminating against any person who has used FMLA leave. No FMLA-designated absence is to be used as the basis for a negative reference in employment, performance appraisal, corrective action, or other personnel actions. FMLA leave, may be taken on a full-time, intermittent, or reduced-work-schedule basis. During FMLA leave, the Contractor maintains the employee's existing level of group medical insurance coverage. At the end of FMLA leave, the employee will resume his/her regular position or will be placed in an equivalent position.

An employee who is eligible for FMLA leave is one who, as of the date the leave begins, has at least 12 months of total Contractor service and has worked at least 1,250 hours during the 12-month period immediately preceding the leave.

FMLA-qualifying reasons for absences are:

- A serious health condition that makes the employee unable to perform the functions of his/her position
- The birth of the employee's child, and care for the newborn
- The placement with the employee of a child for adoption or foster care
- To care for the employee's spouse, child, or parent who has a serious health condition.

Employees must use paid leave for which eligible when absences are needed for FMLA reasons. However, an employee is only required to use earned annual leave that exceeds his/her annual carryover limit.

Leave Without Pay (LWOP)

LWOP, except for FMLA-designated leave, is provided at the discretion of the Contractor based on job-related factors such as type of appointment, length of service, reason for leave, anticipated absence, availability of replacement, operational requirements, and the effect on the organizational unit. Except for FMLA leave, continuous service is broken and benefits may be continued, usually at the employee's expense, when LWOP exceeds 31 consecutive calendar days.

When an employee has a break in continuous service of more than 31 calendar days an adjusted service date (ASD) is computed, except when the leave is FMLA-designated. The date that employee benefit eligibility is computed from is advanced from the initial employment date or previous ASD by the period of time equal to the time of the break in service. The resulting date is the employee's new ASD.

Military Leave

FTR and PTRB employees who enter military service are granted a leave of absence without pay when full-time duty is for up to 12 months and a military termination when full-time duty is for more than 12 months. The entire period of military service will be credited as continuous Contractor service if the individual returns to work at the Contractor.

FTR employees who have one or more years of continuous Contractor service will receive 173 hours pay at his/her basic salary rate if in active military status for a minimum of 90 days. PTR employees will receive 86 ½ hours pay at his/her basic salary if in active military status for a minimum of 90 days. The employee must request payment in writing upon completion of the service requirement. Applicable laws govern reemployment rights.

FTR and PTRB employees who in peace time are called for training or emergency duty and are members of a reserve component will be paid his/her basic salary in addition to the military pay during the leave period up to the following maximum:

- Up to 80 hours in any one calendar year for training of an FTR employee and up to 40 hours for training of an RPTB employee
- Up to 173 hours in any one calendar year for emergency duty of an FTR employee and half that amount for an PTRB employee

Jury Duty Leave

Jury duty leave is provided for required absences from regular work schedule to qualify for and serve on a jury, including reasonable travel time to and from court.

Educational Leave

Eligible employees are provided educational leave without pay to take courses and obtain degrees related to Contractor activities when consistent with programmatic, operational, and job requirements. FTR employees may be granted leave without pay for up to eight hours per week. Leave does not affect eligibility for employee benefits and does not constitute a break in employment.

A leave of absence in excess of eight hours per week may be granted for FTR and PTRB employees who have at least 12 months of service. This leave does constitute a break in employment service and benefits may be continued at the employee's expense.

Health Insurance Plan

The contractor provides a comprehensive health insurance program, consisting of medical insurance, dental insurance, vision care insurance, and a prescription drug card program. FTR and PTRB employees are eligible to participate. If an employee does participate, he or she must participate in all plans.

Retired employees who are at least age 55 and have at least ten (10) years' service are eligible to participate in the regular health insurance program, with premium sharing based on a sliding scale based on length-of-service.

Medical Insurance Plan

Highlights of the medical insurance plan:

- 100% charges paid for medically necessary treatment as an inpatient in an in-network providing hospital
- 100% coverage for doctor's office visits after a \$10 co-payment for in-network provider services.
- 80% of in-network charges for certain lab work, medical supplies, durable medical equipment, therapy, psychiatric care, chiropractic services, etc. paid after deductible (\$100 individual deductible; \$300 maximum family deductible)
- Pre-admission certification required for all in-hospital admissions and many outpatient procedures.
- 100% of charges paid for a life threatening emergency room visit.
- \$50 co-payment for a non-life threatening emergency room visit.
- No preexisting condition waiting period
- \$2 million lifetime maximum benefit per individual
- If an out-of-network provider is chosen, out-of-pocket expenses will be much greater
- Spouse and unmarried dependent children under age 25 may be covered

Dental Insurance Plan

The Contractor provides dental insurance benefits as part of its four-part health insurance plan. Highlights of the plan include:

- 100% coverage for preventive maintenance (cleaning/checking) twice a year.
- \$25 annual individual deductible; \$75 annual family deductible
- 80% coverage for restorative procedures, endodontics, periodontics, oral surgery
- 60% coverage for dentures, cast crowns, etc.
- 50% coverage for orthodontics; lifetime maximum of \$1,500
- \$1,000 annual individual maximum, except orthodontics

Vision Care Plan

The Contractor provides vision care insurance benefits as part of its four-part health insurance plan. Highlights of the plan:

- Eye exam, necessary lenses, and frames once every 24 months
- \$10 out-of-pocket charge if patient stays within limits of approved services

Prescription Drug Card Plan

The Contractor provides a prescription drug card plan as part of its four-part health insurance plan. Highlights of the plan:

- Plan does not cover most injectable drugs except
- Employees share in the cost of prescription drugs based on the following schedule:

<u>Days Supply</u>	<u>Brand</u>	<u>Generic</u>
0 to 34	\$ 20.00	\$ 10.00
35 to 100	\$ 20.00	\$ 10.00

Disabled Employees Continuation of Coverage

Group medical insurance for totally disabled employees and their dependents, if covered under these plans prior to disability, will be provided at no employee cost until the earliest of:

- Two years from termination of employment due to total disability
- Cessation of total disability
- Attainment of age 65
- Eligibility for Medicare
- Cessation of dependent status

Group Term Life Insurance

FTR and PTRB employees with appointments of one year or more are eligible for group term life insurance coverage on the date of employment or on the date of change to an eligible status.

Amounts of life insurance coverage are computed on base annual salary, employee status, and age as follows:

FTR Employees

Basic Coverage:	Two times basic annual salary; paid by the Contractor Maximum coverage: \$300,000
Supplemental:	Choice of zero, one, or two times base annual salary; paid by employee

PTRB Employees

Basic Coverage:	One times basic annual salary; paid by the Contractor Maximum coverage: \$300,000
Supplemental:	Choice of zero, one-half, or one times base salary; paid by employee

Life insurance benefits will decrease at age 65 to 65 percent and at age 70 to 50 percent.

Dependent life insurance of \$10,000 for a spouse and \$5,000 for each dependent child (ages 6 months to 19 or, if a full-time student, to age 24) is also available as optional coverage. The employee pays the total cost for dependent coverage.

Long-Term Disability Insurance Plan

Extended income benefits are provided for FTR employees who become disabled due to illness or injury while actively working for the Contractor through the Teacher's Insurance and Annuity Association (TIAA), the long-term disability plan carrier. All FTR employees are eligible to participate and are enrolled in the plan on the date of employment or transfer to the FTR category.

Highlights of the plan:

- During the first two years of disability, the employee must be unable to perform the duties of his/her position
- After two years of disability, the employee must be unable to perform any position
- Benefits begin as of the first day of the month after the end of the six-month elimination period
- Monthly income benefit will equal 60% of monthly wage base not to exceed a benefit of \$7,500 per month, less the sum of benefits received from Social Security or Workers' Compensation
- Provides waiver of premium for the basic retirement plan premiums to continue to be paid to the disabled employee's account during disability
- No benefits will be payable for no more than 24 months if the disability is due to alcoholism and/or drug abuse
- Benefits continue during a term of continuous disability until the following age or time limits:

Age When Disability Starts

Less than 60
60 but less than 65
65 but less than 68 ½
68 ½ or over

Age to Time Limit

to age 65
4 ½ years
to age 70
1 year

Travel Accident Insurance

Business travel accident insurance is provided for all employees. This insurance covers accidental bodily injury or death sustained while on official business travel. The maximum benefit for death, dismemberment, and loss of sight will be an amount equal to three times the employee's basic annual salary with a minimum of \$50,000 and a maximum of \$500,000. Employees flying in private aircraft as a pilot or a crew member are not covered.

Retirement Plans

The Contractor provides two defined contribution retirement plans for eligible employees: the Basic Retirement Plan and the Supplemental Retirement Plan. The plans are intended to provide income during retirement for Contractor retirees and their dependents based on the policies of contribution sharing between the employee and the Contractor, immediate plan benefits vesting in the employee, employee choice in retirement asset investing, and maximum plan portability.

Basic Retirement Plan

The Basic Retirement Plan is with Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), a nonprofit organization that offers a variety of accounts to employees of educational and education-related institutions. The defined contribution plan, a 403(b) plan under IRS regulations, is designed to provide a lifetime income to Contractor retirees.

Highlights of the plan:

- Participation in the plan is required for all FTR and PTRB employees who are age 21 or older. Employees on other types of appointments are not eligible to participate.
- Employee contributions are only made by salary reduction; i.e., contributions made before federal income tax is withheld. This will lower income tax in the years that contributions are made, deferring payment of those taxes until beginning a retirement annuity payout, or withdrawal of funds.
- Employees and the contractor share in plan contributions according to the following schedule:

<u>Contributions as a Percent of Base Salary</u>	<u>Employee</u>	<u>Contractor</u>
<u>Length of Service</u>		
Less than two years	2%	6%
Two years or more on SS Base*	3%	9%
On salary above SS Base	5%	10%

*SS Base refers to Social Security base salary that Social Security taxes are assessed on.

- Plan contributions and benefits are immediately and fully vested in the employee.
- Contributions may provide a lifetime retirement annuity or, under certain circumstances, funds may be withdrawn or rolled over to another vendor. In case of death, a death benefit would be provided.

Supplemental Retirement Plan (SRP) – FTR AND PTRB

The SRP is a 403(b) defined contribution plan, intended to supplement the BRP. All FTR AND PTRB employees may participate in the SRP plan on a voluntary basis. Contributions are independent of mandatory contributions to the BRP. Up to two of the following approved tax-deferred annuity companies may be chosen for contributions on a pre-tax basis through salary reduction under IRS tax code 403(b):

- Fidelity Retirement Services
- Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF)
- The Variable Annuity Life Insurance Company (VALIC)

In addition, FTR and RPTB employees who are at least age 21 are eligible to receive Contractor matching funds under the supplemental plan on a voluntary basis. Contributions to the plan are computed as a percentage of the basic annual salary. The Contractor will contribute \$.50 for every \$1 the employee contributes, not to exceed three percent of basic annual salary. In order to obtain the maximum employer match, eligible employees must contribute six percent of basic annual salary. Employees, if eligible, may contribute more than six percent; however, there will be no employer match for contributions above six percent. If employees wish to contribute less than six percent, the Contractor will match the contributions. For example, if an employee contributes four percent, The Contractor will contribute two percent.

Highlights of the plan:

- All contributions are made under salary reduction (pre-tax)
- All contributions are fully and immediately vested in the employee
- Benefits will be paid based on the terms of the employee's agreement with the selected vendor
- There may be a penalty for early withdrawal
- Maximum contribution limits are set by IRS rules
- Total employee contributions are coordinated with Basic Retirement Plan contributions.

Death Benefit

In the event of the death of a FTR employee, an amount equal to 173 hours salary of the employee will be paid by the Contractor to the beneficiary designated by the employee as his/her life insurance plan beneficiary, unless otherwise designated by the employee prior to his/her death.

In event of the death of a PTRB employee, an amount equal to 86.5 hours salary of the employee will be paid by the Contractor to the beneficiary designated by the employee as his/her life insurance plan beneficiary, unless otherwise designated by the employee prior to his/her death.

125 Flexible Spending Account

Employees may participate in the Section 125 Flexible Spending Account Plan. This plan enables employees to have their group medical insurance premiums and/or dependent care costs deducted from their salary on a pre-tax basis, thus reducing Federal Income and Social Security taxes. The plan year for dependent care participation begins January 1 and ends December 31 of each year. The plan year for medical insurance premium participation begins April 1st and ends March 31st of each year.

Prior to the beginning of each new plan year employees may make changes, join, or drop out of the plan. No changes can be made during other times of the year unless there is a qualifying event, such as a change in dependent status, birth of a child, divorce, etc.

Employee Assistance Program

Employee Assistance Program (EAP) services are available. The program provides confidential professional assessment referral and short-term counseling services to all employees (regardless of work location) and their family members for any type of family, home, work-related, or personal problem.

Terminations

Following termination of employment, other than for cause, if reemployment occurs within two years from the date of termination and the employee's earlier appointment was for six months or more, credit for prior service may be granted. In no case may an employee receive benefits in excess of those that would apply had there been no break in continuous service.

Severance

When a Reduction in Force (RIF) occurs due to changes in program or operating requirements, affected employees will be formally notified in writing, usually with a 30-day notice. FTR and PTRB employees who are affected by a RIF will be given preferential consideration for openings at their current grade or one grade lower for which they apply. Preference is conditional upon satisfactory performance of current responsibilities. Preference means being interviewed for positions (at their current grade or one grade lower) and being selected over comparably qualified internal and external candidates and not necessarily being selected over more qualified candidates. An employee may accept a RIF in lieu of acceptance of a position at a lower classification level.

An employee who resigns or is terminated for cause prior to receiving a written RIF notice is not eligible for RIF pay. Disclosure of funding and staffing problems or uncertainties does not carry a commitment of RIF pay benefits nor does it constitute formal notice.

Separation pay is authorized for FTR and PTRB employees terminated because of RIF. To be eligible, an employee must actually terminate employment. Pay for service of one year or more is prorated according to current continuous service since the most recent hire date as follows:

<u>Years of Service</u>	<u>RIF Pay</u>
Less than 1	One week
1 through 10	One week for each year of service
11 and above	One week for each year of service through 10 years plus 1 1/2 weeks for each year above 10 years' service, the total not to exceed 26 weeks

Years of service are defined as follows:

- For each year or portion of a year worked as a FTR employee, 100% service credit will be given when determining the amount of RIF pay.
- For each year or portion of a year worked as a PTRB employee, 50% service credit will be given when determining the amount of RIF pay regardless of the percent of time worked as a PTRB employee.